



STATE OF RHODE ISLAND

DIVISION OF PUBLIC UTILITIES & CARRIERS

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Memo To: Luly Massaro, Commission Clerk
Rhode Island Public Utilities Commission

From: Division of Public Utilities and Carriers

Re: Docket 5013 Block Island Utility District's 2021 Demand Side Management Plan

Date: May 6, 2021

2020 Program Year

2020 was the Block Island Utility District's (BIUD) inaugural year for its Demand Side Management (DSM) plan, with an approved budget of \$120,000, with \$60,000 funded by an efficiency surcharge on customers' bills, and \$60,000 from Regional Greenhouse Gas Initiative (RGGI)¹ funding, via the Office of Energy Resources (OER).² A DSM program provides access and incentives for measures that allow customers to optimize their energy usage and reduce utility bills, resulting in substantial benefits to all rate payers, such as reduced grid maintenance, and capital expenditures, reduced peak charges, and greater service reliability.³

¹The Regional Greenhouse Gas Initiative is a cooperative effort among the states of Connecticut, Delaware, Maine, Maryland, Massachusetts, New Hampshire, New Jersey, New York, Rhode Island, Vermont, and Virginia to cap and reduce power sector CO₂ emissions. The vast majority of CO₂ allowances issued by each RGGI state are distributed through quarterly, regional CO₂ allowance auctions. Proceeds from the auctions are returned to the RGGI states and have been primarily invested in consumer benefit programs: energy efficiency, renewable energy, direct energy bill assistance, and other greenhouse gas reduction programs. See <https://www.rggi.org/program-overview-and-design/elements>.

² BIUD's first annual DSM plan was approved by the PUC at an Open Meeting held on May 26, 2020, with an effective date of June 1, 2020. See [http://www.ripuc.ri.gov/eventsactions/docket/5013-BIUD-Ord23863%20\(7-8-20\).pdf](http://www.ripuc.ri.gov/eventsactions/docket/5013-BIUD-Ord23863%20(7-8-20).pdf).

³ *Id.* at 3.

After an initial planning period and contracting with an energy consultant, the BIUD officially launched its DSM program in November 2020, amid increased statewide COVID 19 shutdown measures, and during the “off-season” for this summer-focused island community. As of February 2021, the program had only completed 13 home energy audits, including direct installation of energy-savings measures in 11 of those homes, accounting for a total savings of 8,000 kWh.⁴ As of the filing, BIUD had not received any requests for energy efficient equipment or weatherization. Additionally, no business audits or direct installations for businesses have been requested, but BIUD believes this is primarily due to timing of the program’s launch. As such, BIUD still has significant unused funds for the 2020 program year that it proposes to roll over into the 2021 program year.

2021 Program Year:

On March 31, 2021, BIUD filed its second annual DSM plan with the Public Utilities Commission (PUC) for the period June 1, 2021 to May 31, 2022. The total proposed budget is \$159,540, of which \$99,540 is unspent funds from the 2020 program year.⁵ BIUD will generate revenues of approximately \$60,000 through an efficiency surcharge of 1 cent per kWh in July and August and 0.395 cents per on customers’ bills for May, June, September, and October, as approved in Docket No. 4975⁶. The breakdown of the surcharge is estimated as: \$24,000 from residential customers, \$6,000 from business customers, and \$30,000 from the general service rate which comprises larger residential users as well as some business customers.⁷ BIUD and OER originally planned on \$60,000 in RGGI funding for this year, but have since decided to defer that funding to 2023 because of the large rollover funding from 2020.

2021 Budget Allocations:

BIUD’s DSM program’s budget has four major categories: (1) Assessment & Installation (\$89,600); (2) Inspection and Program Administration (\$27,940); (3) Customer Outreach (\$2,000); and (4) Rollover Funds (\$40,000).

Within *Assessment & Installation*, there are four programs: (1) Residential Assessment & Weatherization (\$51,425.00); (2) Residential HVAC & Water Heating (\$5,675.00); (3) Business Assessments, Lighting, & Weatherization (\$27,600); and (4) Business HVAC & Water Heating (\$4,900.00).

Residential Programs

The bulk of these measures were offered during the predecessor pilot program, Block Island Saves, which ran from 2015-2017. Direct install items include LED lightbulbs, smart power strips, low-flow showerheads. However, the 2020 and 2021 programs also include heat pump equipment, heat

⁴ BIUD’s Program Year 2021 Filing at 6 (Mar. 30,2021). See <http://www.ripuc.ri.gov/eventsactions/docket/5013page.html>.

⁵ BIUD’s answer to PUC 1-2 (Apr. 9, 2021). See <http://www.ripuc.ri.gov/eventsactions/docket/5013-BIUD-DR-PUC1%204-9-21.pdf>.

⁶ Public Utilities Commission Order No. 23873 (Aug.4, 2020). See [http://www.ripuc.ri.gov/eventsactions/docket/4975-BIUD-Ord23873%20\(8-4-2020\).pdf](http://www.ripuc.ri.gov/eventsactions/docket/4975-BIUD-Ord23873%20(8-4-2020).pdf).

⁷ *Id.*

pump water heaters, programmable thermostats and weatherization measures. BIUD submits that heat pump technology is an important tool to help it smooth out the current load curve, minimizing an increasing summer demand caused by air conditioning units, and can provide opportunities for customers to reduce their overall energy burdens. BIUD also posits that offering incentives for heat pumps through the DSM can help Rhode Island meet its greenhouse gas emissions goals, while ensuring that Block Island residents receive the same opportunities as other Rhode Island residents.⁸ BIUD has estimated that the proposed plan could deliver approximate annual savings of 115 MWh of electricity, 100 MMBtu of oil, and 50 MMBtu of propane- depending of course upon the actual mix of installed measures.⁹

BIUD has budgeted for 45 energy assessments, 45 programmable thermostats, 6 heat pump water heaters, and 3 heat pump heating & cooling systems. For no-cost direct install measures, BIUD has planned for 540 LED lightbulbs (no limit, but estimating 12 per assessment), 90 smart power strips (max. of 2 per assessment), 45 low-flow shower heads, and 68 aerator faucets.

For its weatherization program, BIUD proposes up to 10 hours free labor, plus 40% off further sealing, up to a total of \$2,000.00 in total weatherization costs per customer. Weatherization measures include air sealing, duct sealing, insulation, and pipe insulation. BIUD will also offer a \$250 weatherization bonus for customers that both insulate and install a heat pump system.

BIUD is promoting the adoption of high efficiency heat pumps, which must meet SEER and/or HSPF ratings, through an incentive structure based on a per ton amount. BIUD reported that a local philanthropist is offering grants for residents to install heat pumps. BIUD is working to collaborate with this individual and support the grant offering with energy assessments and inspections. Incentives will be capped at \$750.00 per customer.

Business Programs

BIUD has budgeted \$27,600 for energy assessments, lighting and weatherization, and \$4,900 for business HVAC & water heating.¹⁰ These assessments will include a whole business evaluation of the electrical equipment and thermal systems. Each business customer will be provided with a business energy action plan outlining additional energy savings measures, the estimated costs, information on the relevant incentives and information and tips on how to better manage their energy usage and reduce costs.¹¹

The business weatherization budget includes an estimated 60 screw-in lightbulbs, 12 LED fixture upgrades, 6 lighting controls, and 12 occupancy sensors. BIUD assessors will install as much screw-in LED bulbs as needed by a business customer. Since, screw-in bulbs might not upgrade all the lighting, business customers will be eligible for additional lighting measures including upgraded fixtures, lighting controls and sensors, incentivized at 75% of the cost.

⁸ *Id.* at 4.

⁹ *Id.* at 5.

¹⁰ *Id.* at 11.

¹¹ *Id.* at 12.

Inspection and Program Administration

The *Inspection and Program Administration* budget has two categories: Inspection Services (\$8,100.00) and Program Administration (\$19,840.00). All energy measure installations will be inspected. Energy savings will not be counted until a satisfactory inspection has been completed. Moreover, for direct install items, these shall be installed by the vendor and not the homeowner, under the program rules.¹² BIUD has hired an efficiency consultant to help manage the program, data collection and reporting, including quarterly progress reports, a mid-year report and an end-of-year report.

Customer Outreach

Customer Outreach has a small budget of \$2,000 for customer outreach and engagement. Planned efforts include: (1) Bill inserts four times per year; (2) Advertisements in local publications during both peak season and off-season; (3) No cost promotions on Facebook, and community bulletins; (4) Trained office staff to answer questions an direct customers to appropriate efficiency programs.

Budgetary Transfers

BIUD has requested flexibility in administration to permit the transfer of less than 20% from one program to another in the same sector. For transfers greater than 20%, BIUD would seek Division approval and notify OER. For transfers involving RGGI funds, BIUD would need advance written approval from OER. If a transfer reduces the originating sector's budget by more than 20% over the course of the program year, the transfer will also require PUC approval.¹³

Recommendation:

The program is substantially the same as the 2020 program, except for the increased budget from the rollover funds and the deferral of the RGGI funding until 2023. The Division carefully examined the program filing as well as BIUD's answers to two sets of Division data requests, and the PUC's set of data requests. The Division believes that the proposed program has been carefully designed to deliver significant energy efficiency opportunities to BIUD's 1,900 customers. The Division also believes that the combination of the November start to the 2020 program, coupled with COVID-19 restrictions were the most likely causes of the initial underperformance of the 2020 plan.

The Division finds the plan to be reasonable and recommends approval of the 2021 DSM plan as filed.

¹² BIUD's answer to DPUC 2-4 (Apr. 28, 2021). See [http://www.ripuc.ri.gov/eventsactions/docket/5013-BIUD-DR-DIV2\(4-28-21\).pdf](http://www.ripuc.ri.gov/eventsactions/docket/5013-BIUD-DR-DIV2(4-28-21).pdf).

¹³ BIUD's Filing at 6.